

House File 2066 - Introduced

HOUSE FILE _____
BY WENDT, KAUFMANN, D. OLSON,
DOLECHECK, BUKTA, HOFFMAN,
WHITAKER, TJEPKES, DAVITT,
WENTHE, FREVERT, TOMENGA,
CHAMBERS, and BAUDLER

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the repeal of the local option sales and
2 services tax for school infrastructure purposes by using the
3 revenues from the increase in the state sales and use taxes
4 for replacing lost school district revenues resulting from the
5 repeal and for road construction, providing property tax
6 relief, providing a penalty, and including an effective date
7 provision.
8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
9 TLSB 5058YH 82
10 mg/rj/24

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1 1 Section 1. Section 257.4, subsection 1, paragraph b, Code
1 2 2007, is amended to read as follows:
1 3 b. For the budget year beginning July 1, ~~2006~~ 2008, and
1 4 succeeding budget years, the department of management shall
1 5 annually determine an adjusted additional property tax levy
1 6 and a statewide maximum adjusted additional property tax levy
1 7 rate, not to exceed the statewide average additional property
1 8 tax levy rate, calculated by dividing the total adjusted
1 9 additional property tax levy dollars statewide by the
1 10 statewide total net taxable valuation. For purposes of this
1 11 paragraph, the adjusted additional property tax levy shall be
1 12 that portion of the additional property tax levy corresponding
1 13 to the state cost per pupil multiplied by a school district's
1 14 weighted enrollment, and then multiplied by one hundred
1 15 percent less the regular program foundation base per pupil
1 16 percentage pursuant to section 257.1. The district shall
1 17 receive adjusted additional property tax levy aid in an amount
1 18 equal to the difference between the adjusted additional
1 19 property tax levy rate and the statewide maximum adjusted
1 20 additional property tax levy rate, as applied per thousand
1 21 dollars of assessed valuation on all taxable property in the
1 22 district. The statewide maximum adjusted additional property
1 23 tax levy rate shall be annually determined by the department
1 24 taking into account amounts allocated pursuant to section
1 25 257.15, subsection 4. The statewide maximum adjusted
1 26 additional property tax levy rate shall be annually determined
1 27 by the department taking into account amounts allocated
1 28 pursuant to section 257.15, subsection 4, and the balance of
1 29 the property tax equity and relief fund created in section
1 30 257.16A at the end of the calendar year.
1 31 Sec. 2. Section 257.15, subsection 4, Code 2007, is
1 32 amended to read as follows:
1 33 4. a. ALLOCATIONS FOR MAXIMUM ADJUSTED ADDITIONAL
1 34 PROPERTY TAX LEVY RATE CALCULATION AND ADJUSTED ADDITIONAL
1 35 PROPERTY TAX LEVY AID. The department of management shall
2 1 allocate from amounts appropriated pursuant to section 257.16,
2 2 subsection 1, and from funds appropriated from the property
2 3 tax equity and relief fund created in section 257.16A for the
2 4 purpose of calculating the statewide maximum adjusted
2 5 additional property tax levy rate and providing adjusted
2 6 additional property tax levy aid as provided in section 257.4,
2 7 subsection 1, paragraph "b", an amount ~~not to exceed the~~
2 8 ~~following~~ equal to the sum of subparagraphs (1) and (2) as
2 9 follows:
2 10 (1) From the amount appropriated from the general fund of
2 11 the state pursuant to section 257.16, subsection 1, equal to

2 12 the following:

2 13 ~~a-~~ (a) For the budget year beginning July 1, 2006, six
2 14 million dollars.

2 15 ~~b-~~ (b) For the budget year beginning July 1, 2007, twelve
2 16 million dollars.

2 17 ~~c-~~ (c) For the budget year beginning July 1, 2008,
2 18 eighteen million dollars.

2 19 ~~d-~~ (d) For the budget year beginning July 1, 2009, and
2 20 succeeding budget years, twenty-four million dollars.

2 21 (2) From the amount appropriated from the property tax
2 22 equity and relief fund created in section 257.16A.

2 23 b. After lowering all school district additional property
2 24 tax levy rates to the statewide maximum adjusted additional
2 25 property tax levy rate under paragraph "a", the department of
2 26 management shall use any remaining funds at the end of the
2 27 calendar year to further lower additional property taxes by
2 28 increasing for the budget year beginning the following July 1,
2 29 the state foundation base percentage. Moneys used pursuant to
2 30 this paragraph shall supplant an equal amount of the
2 31 appropriation made from the general fund of the state pursuant
2 32 to section 257.16 that represents the increase in state
2 33 foundation aid.

2 34 Sec. 3. NEW SECTION. 257.16A PROPERTY TAX EQUITY AND
2 35 RELIEF FUND.

3 1 1. A property tax equity and relief fund is created as a
3 2 separate and distinct fund in the state treasury under the
3 3 control of the department of management. Moneys in the fund
3 4 include revenues credited to the fund, appropriations made to
3 5 the fund, and other moneys deposited into the fund.

3 6 2. There is appropriated annually all moneys in the fund
3 7 to the department of management for purposes of section
3 8 257.15, subsection 4.

3 9 3. Notwithstanding section 8.33, any moneys remaining in
3 10 the property tax equity and relief fund at the end of a fiscal
3 11 year shall not revert to any other fund but shall remain in
3 12 the property tax equity and relief fund for use as provided in
3 13 this section for the following fiscal year.

3 14 Sec. 4. Section 423.2, subsection 1, unnumbered paragraph
3 15 1, Code Supplement 2007, is amended to read as follows:

3 16 There is imposed a tax of ~~five~~ six percent upon the sales
3 17 price of all sales of tangible personal property, consisting
3 18 of goods, wares, or merchandise, sold at retail in the state
3 19 to consumers or users except as otherwise provided in this
3 20 subchapter.

3 21 Sec. 5. Section 423.2, subsections 2, 3, 4, and 5, Code
3 22 Supplement 2007, are amended to read as follows:

3 23 2. A tax of ~~five~~ six percent is imposed upon the sales
3 24 price of the sale or furnishing of gas, electricity, water,
3 25 heat, pay television service, and communication service,
3 26 including the sales price from such sales by any municipal
3 27 corporation or joint water utility furnishing gas,
3 28 electricity, water, heat, pay television service, and
3 29 communication service to the public in its proprietary
3 30 capacity, except as otherwise provided in this subchapter,
3 31 when sold at retail in the state to consumers or users.

3 32 3. A tax of ~~five~~ six percent is imposed upon the sales
3 33 price of all sales of tickets or admissions to places of
3 34 amusement, fairs, and athletic events except those of
3 35 elementary and secondary educational institutions. A tax of
4 1 ~~five~~ six percent is imposed on the sales price of an entry fee
4 2 or like charge imposed solely for the privilege of
4 3 participating in an activity at a place of amusement, fair, or
4 4 athletic event unless the sales price of tickets or admissions
4 5 charges for observing the same activity are taxable under this
4 6 subchapter. A tax of ~~five~~ six percent is imposed upon that
4 7 part of private club membership fees or charges paid for the
4 8 privilege of participating in any athletic sports provided
4 9 club members.

4 10 4. A tax of ~~five~~ six percent is imposed upon the sales
4 11 price derived from the operation of all forms of amusement
4 12 devices and games of skill, games of chance, raffles, and
4 13 bingo games as defined in chapter 99B, and card game
4 14 tournaments conducted under section 99B.7B, that are operated
4 15 or conducted within the state, the tax to be collected from
4 16 the operator in the same manner as for the collection of taxes
4 17 upon the sales price of tickets or admission as provided in
4 18 this section. Nothing in this subsection shall legalize any
4 19 games of skill or chance or slot-operated devices which are
4 20 now prohibited by law.

4 21 The tax imposed under this subsection covers the total
4 22 amount from the operation of games of skill, games of chance,

4 23 raffles, and bingo games as defined in chapter 99B, card game
4 24 tournaments conducted under section 99B.7B, and musical
4 25 devices, weighing machines, shooting galleries, billiard and
4 26 pool tables, bowling alleys, pinball machines, slot-operated
4 27 devices selling merchandise not subject to the general sales
4 28 taxes and on the total amount from devices or systems where
4 29 prizes are in any manner awarded to patrons and upon the
4 30 receipts from fees charged for participation in any game or
4 31 other form of amusement, and generally upon the sales price
4 32 from any source of amusement operated for profit, not
4 33 specified in this section, and upon the sales price from which
4 34 tax is not collected for tickets or admission, but tax shall
4 35 not be imposed upon any activity exempt from sales tax under
5 1 section 423.3, subsection 78. Every person receiving any
5 2 sales price from the sources described in this section is
5 3 subject to all provisions of this subchapter relating to
5 4 retail sales tax and other provisions of this chapter as
5 5 applicable.

5 6 5. There is imposed a tax of ~~five six~~ percent upon the
5 7 sales price from the furnishing of services as defined in
5 8 section 423.1.

5 9 Sec. 6. Section 423.2, subsection 7, paragraph a,
5 10 unnumbered paragraph 1, Code Supplement 2007, is amended to
5 11 read as follows:

5 12 A tax of ~~five six~~ percent is imposed upon the sales price
5 13 from the sales, furnishing, or service of solid waste
5 14 collection and disposal service.

5 15 Sec. 7. Section 423.2, subsection 8, paragraph a, Code
5 16 Supplement 2007, is amended to read as follows:

5 17 a. A tax of ~~five six~~ percent is imposed on the sales price
5 18 from sales of bundled transactions. For the purposes of this
5 19 subsection, a "bundled transaction" is the retail sale of two
5 20 or more distinct and identifiable products, except real
5 21 property and services to real property, which are sold for one
5 22 nonitemized price. A "bundled transaction" does not include
5 23 the sale of any products in which the sales price varies, or
5 24 is negotiable, based on the selection by the purchaser of the
5 25 products included in the transaction.

5 26 Sec. 8. Section 423.2, subsection 9, Code Supplement 2007,
5 27 is amended to read as follows:

5 28 9. A tax of ~~five six~~ percent is imposed upon the sales
5 29 price from any mobile telecommunications service which this
5 30 state is allowed to tax by the provisions of the federal
5 31 Mobile Telecommunications Sourcing Act, Pub. L. No. 106=252, 4
5 32 U.S.C. } 116 et seq. For purposes of this subsection, taxes
5 33 on mobile telecommunications service, as defined under the
5 34 federal Mobile Telecommunications Sourcing Act that are deemed
5 35 to be provided by the customer's home service provider, shall
6 1 be paid to the taxing jurisdiction whose territorial limits
6 2 encompass the customer's place of primary use, regardless of
6 3 where the mobile telecommunications service originates,
6 4 terminates, or passes through and shall in all other respects
6 5 be taxed in conformity with the federal Mobile
6 6 Telecommunications Sourcing Act. All other provisions of the
6 7 federal Mobile Telecommunications Sourcing Act are adopted by
6 8 the state of Iowa and incorporated into this subsection by
6 9 reference. With respect to mobile telecommunications service
6 10 under the federal Mobile Telecommunications Sourcing Act, the
6 11 director shall, if requested, enter into agreements consistent
6 12 with the provisions of the federal Act.

6 13 Sec. 9. Section 423.2, subsection 11, Code Supplement
6 14 2007, is amended to read as follows:

6 15 11. All revenues arising under the operation of the
6 16 provisions of this section shall be deposited ~~into the general~~
6 17 ~~fund of the state. as follows:~~

6 18 a. ~~Five-sixths of such revenues shall be deposited into~~
6 19 ~~the general fund of the state.~~

6 20 b. ~~One-sixth of such revenues shall be deposited into the~~
6 21 ~~secure an advanced vision for education fund created in~~
6 22 ~~section 423F.1.~~

6 23 Sec. 10. Section 423.5, unnumbered paragraph 1, Code 2007,
6 24 is amended to read as follows:

6 25 An excise tax at the rate of ~~five six~~ percent of the
6 26 purchase price or installed purchase price is imposed on the
6 27 following:

6 28 Sec. 11. Section 423.43, Code Supplement 2007, is amended
6 29 to read as follows:

6 30 423.43 DEPOSIT OF REVENUE == APPROPRIATIONS.

6 31 1. Except as otherwise provided in subsections 2 and 3 and
6 32 section 328.36, all revenues arising under the operation of
6 33 the use tax under subchapter III shall be credited as follows:

6 34 a. Five=sixths of such revenues shall be credited to the
6 35 general fund of the state.
7 1 b. One=sixth of such revenues shall be credited to the
7 2 secure an advanced vision for education fund created in
7 3 section 423F.1.
7 4 2. Except as otherwise provided in section 312.2,
7 5 subsection 14, all five=sixths of the revenues derived from
7 6 the use tax on motor vehicles, trailers, and motor vehicle
7 7 accessories and equipment as collected pursuant to sections
7 8 423.26 and 423.27 shall be deposited and credited to the road
7 9 use tax fund and shall be used exclusively for the
7 10 construction, maintenance, and supervision of public
7 11 highways-, except as follows:
7 12 1- a. Notwithstanding any provision of this section which
7 13 provides that all revenues derived from the use tax on motor
7 14 vehicles, trailers, and motor vehicle accessories and
7 15 equipment as collected pursuant to sections 423.26 and 423.27
7 16 shall be deposited and credited to the road use tax fund,
7 17 eighty Eighty percent of the revenues collected pursuant to
7 18 sections 423.26 and 423.27 shall be deposited and credited as
7 19 follows:
7 20 a- (1) Twenty=five percent of all such revenue, up to a
7 21 maximum of four million two hundred fifty thousand dollars per
7 22 quarter, shall be deposited into and credited to the Iowa
7 23 comprehensive petroleum underground storage tank fund created
7 24 in section 455G.3, and the moneys so deposited are a
7 25 continuing appropriation for expenditure under chapter 455G,
7 26 and moneys so appropriated shall not be used for other
7 27 purposes.
7 28 b- (2) Any such revenues remaining shall be credited to
7 29 the road use tax fund.
7 30 2- b. Notwithstanding any other provision of this section
7 31 that provides that all revenue derived from the use tax on
7 32 motor vehicles, trailers, and motor vehicle accessories and
7 33 equipment as collected pursuant to section 423.26 shall be
7 34 deposited and credited to the road use tax fund, twenty Twenty
7 35 percent of the revenues collected pursuant to section 423.26
8 1 shall be credited and deposited as follows: one-half
8 2 (1) One=half to the road use tax fund and one-half,
8 3 (2) One=half to the primary road fund to be used for the
8 4 commercial and industrial highway network.
8 5 3. All other revenue arising under the operation of the
8 6 use tax under subchapter III shall be credited to the general
8 7 fund of the state. One=sixth of the revenues derived from the
8 8 use tax on motor vehicles, trailers, and motor vehicle
8 9 accessories and equipment as collected pursuant to sections
8 10 423.26 and 423.27 shall be deposited and credited to the
8 11 TIME=21 fund established in section 312A.2.
8 12 Sec. 12. Section 423E.3, subsections 1 and 4, Code 2007,
8 13 are amended by striking the subsections.
8 14 Sec. 13. Section 423E.3, subsection 5, paragraphs a, b,
8 15 and c, Code 2007, are amended by striking the paragraphs.
8 16 Sec. 14. Section 423E.3, subsections 6 and 7, Code 2007,
8 17 are amended by striking the subsections.
8 18 Sec. 15. Section 423E.4, subsection 1, Code 2007, is
8 19 amended by striking the subsection.
8 20 Sec. 16. Section 423E.4, subsection 2, paragraph b,
8 21 subparagraph (3), Code 2007, is amended to read as follows:
8 22 (3) A school district that is located in whole or in part
8 23 in a county that voted on and approved the extension of the
8 24 local sales and services tax for school infrastructure
8 25 purposes pursuant to section 423E.2, subsection 5, Code 2007,
8 26 on or after April 1, 2003, shall receive for any extended
8 27 period an amount equal to its pro rata share of the local
8 28 sales and services tax receipts as provided in section 423E.3,
8 29 subsection 5, paragraph "d", not to exceed its guaranteed
8 30 school infrastructure amount. However, if the school
8 31 district's pro rata share is less than its guaranteed school
8 32 infrastructure amount, the district shall receive an
8 33 additional amount equal to its supplemental school
8 34 infrastructure amount.
8 35 Sec. 17. Section 423E.4, subsection 3, paragraph a, Code
9 1 2007, is amended to read as follows:
9 2 a. The director of revenue by August 15 of each fiscal
9 3 year shall compute the guaranteed school infrastructure amount
9 4 for each school district, each school district's sales tax
9 5 capacity per student for each county, the statewide tax
9 6 revenues per student, and the supplemental school
9 7 infrastructure amount for the coming fiscal year.
9 8 Sec. 18. Section 423E.4, subsection 3, paragraph b,
9 9 subparagraph (2), Code 2007, is amended to read as follows:

9 10 (2) "Sales tax capacity per student" means for a school
9 11 district the estimated amount of revenues that a school
9 12 district ~~receives or~~ would receive if a local sales and
9 13 services tax for school infrastructure purposes ~~is was~~ imposed
9 14 at one percent in the county pursuant to section 423E.2, Code
9 15 2007, divided by the school district's actual enrollment as

9 16 determined in section 423E.3, subsection 5, paragraph "d".

9 17 Sec. 19. Section 423E.4, subsection 3, paragraph b,
9 18 subparagraph (3), Code 2007, is amended by striking the
9 19 subparagraph and inserting in lieu thereof the following:

9 20 (3) "Statewide tax revenues per student" means the amount
9 21 determined by estimating the total revenues that would be
9 22 generated by a one percent local option sales and services tax
9 23 for school infrastructure purposes if imposed by all the
9 24 counties during the entire fiscal year and dividing this
9 25 estimated revenue amount by the sum of the combined actual
9 26 enrollment for all counties as determined in section 423E.3,
9 27 subsection 5, paragraph "d", subparagraph (2).

9 28 Sec. 20. Section 423E.4, subsection 4, paragraph a, Code
9 29 2007, is amended to read as follows:

9 30 a. For the purposes of distribution under subsection 2,
9 31 paragraph "b", subparagraph (1), a school district with a
9 32 sales tax capacity per student below its guaranteed school
9 33 infrastructure amount shall use the amount equal to the
9 34 guaranteed school infrastructure amount less the pro rata
9 35 share amount in accordance with section 423E.3, subsection 5,
10 1 paragraph "d", for the purpose of paying principal and
10 2 interest on outstanding bonds previously issued for school
10 3 infrastructure purposes as defined in section 423E.1,
10 4 subsection 3, Code 2007. Any money remaining after the
10 5 payment of all principal and interest on outstanding bonds
10 6 previously issued for infrastructure purposes may be used for
10 7 any authorized infrastructure purpose of the school district.
10 8 If a majority of the voters in the school district approves
10 9 the use of revenue pursuant to a revenue purpose statement in
10 10 an election held after July 1, 2003, in the school district
10 11 pursuant to section 423E.2, Code 2007, the school district may
10 12 use the amount for the purposes specified in its revenue
10 13 purpose statement.

10 14 Sec. 21. Section 423E.4, subsection 7, Code 2007, is
10 15 amended to read as follows:

10 16 7. Notwithstanding subsection 2 ~~of this section~~ or any
10 17 other provision to the contrary, a school district that is
10 18 located in whole or in part in a county that has not
10 19 previously imposed the local sales and services tax for school
10 20 infrastructure, and which votes on and approves the tax at a
10 21 rate of one percent ~~on or after January 1, 2007, and~~ before
10 22 July 1, ~~2008~~ 2007, shall receive an amount equal to its pro
10 23 rata share of the local sales and services tax receipts as
10 24 provided in section 423E.3, subsection 5, paragraph "d", for a
10 25 period corresponding to one-half the duration of the tax
10 26 authorized by the voters. For the second half of the duration
10 27 of the tax authorized by the voters, local sales and services
10 28 tax receipts shall be distributed as otherwise applicable
10 29 pursuant to subsection 2 ~~of this section~~.

10 30 Sec. 22. Section 423E.5, Code 2007, is amended to read as
10 31 follows:

10 32 423E.5 BONDING.

10 33 The board of directors of a school district shall be
10 34 authorized to issue negotiable, interest-bearing school bonds,
10 35 without election, and utilize tax receipts derived from the
11 1 sales and services tax for school infrastructure purposes and
11 2 the supplemental school infrastructure amount distributed
11 3 pursuant to section 423E.4, subsection 2, paragraph "b", and
11 4 revenues received pursuant to section 423F.1, for principal
11 5 and interest repayment. Proceeds of the bonds issued pursuant
11 6 to this section shall be utilized solely for school
11 7 infrastructure needs as school infrastructure is defined in
11 8 section 423E.1, subsection 3, Code 2007, and section 423F.2.
11 9 Bonds issued under this section may be sold at public sale as
11 10 provided in chapter 75, or at private sale, without notice and
11 11 hearing as provided in section 73A.12. Bonds may bear dates,
11 12 bear interest at rates not exceeding that permitted by chapter
11 13 74A, mature in one or more installments, be in registered
11 14 form, carry registration and conversion privileges, be payable
11 15 as to principal and interest at times and places, be subject
11 16 to terms of redemption prior to maturity with or without
11 17 premium, and be in one or more denominations, all as provided
11 18 by the resolution of the board of directors authorizing their
11 19 issuance. The resolution may also prescribe additional
11 20 provisions, terms, conditions, and covenants which the board

11 21 of directors deems advisable, including provisions for
11 22 creating and maintaining reserve funds, the issuance of
11 23 additional bonds ranking on a parity with such bonds and
11 24 additional bonds junior and subordinate to such bonds, and
11 25 that such bonds shall rank on a parity with or be junior and
11 26 subordinate to any bonds which may be then outstanding. Bonds
11 27 may be issued to refund outstanding and previously issued
11 28 bonds under this section. ~~Local option sales and services tax~~
~~11 29 revenue~~ The bonds are a contract between contractual
~~11 30 obligation of the school district and holders~~, and the
11 31 resolution issuing the bonds and pledging local option sales
11 32 and services tax revenues or its share of the revenues
~~11 33 distributed pursuant to section 423F.1~~ to the payment of
11 34 principal and interest on the bonds is a part of the contract.
11 35 Bonds issued pursuant to this section shall not constitute
12 1 indebtedness within the meaning of any constitutional or
12 2 statutory debt limitation or restriction, and shall not be
12 3 subject to any other law relating to the authorization,
12 4 issuance, or sale of bonds.
12 5 A school district ~~in which a local option sales tax for~~
~~12 6 school infrastructure purposes has been imposed~~ shall be
12 7 authorized to enter into a chapter 28E agreement with one or
12 8 more cities or a county whose boundaries encompass all or a
12 9 part of the area of the school district. A city or cities
12 10 entering into a chapter 28E agreement shall be authorized to
12 11 expend its designated portion of the ~~local option sales and~~
~~12 12 services tax~~ revenues for any valid purpose permitted in this
12 13 chapter or authorized by the governing body of the city. A
12 14 county entering into a chapter 28E agreement with a school
12 15 district ~~in which a local option sales tax for school~~
~~12 16 infrastructure purposes has been imposed~~ shall be authorized
12 17 to expend its designated portion of the ~~local option sales and~~
~~12 18 services tax~~ revenues to provide property tax relief within
12 19 the boundaries of the school district located in the county.
12 20 A school district ~~where a local option sales and services tax~~
~~12 21 is imposed~~ is also authorized to enter into a chapter 28E
12 22 agreement with another school district, a community college,
12 23 or an area education agency which is located partially or
12 24 entirely in or is contiguous to the county where the ~~tax is~~
~~12 25 imposed~~ school district is located. The school district or
12 26 community college shall only expend its designated portion of
12 27 the ~~local option sales and services tax~~ revenues for
12 28 infrastructure purposes. The area education agency shall only
12 29 expend its designated portion of the ~~local option school~~
~~12 30 infrastructure sales tax~~ revenues for infrastructure and
12 31 maintenance purposes.
12 32 The governing body of a city may authorize the issuance of
12 33 bonds which are payable from its designated portion of the
12 34 revenues ~~of the local option sales and services tax to be~~
~~12 35 received under this section~~, and not from property tax, by
13 1 following the authorization procedures set forth for cities in
13 2 section 384.83. A city may pledge irrevocably any amount
13 3 derived from its designated portions of the revenues ~~of the~~
~~13 4 local option sales and services tax~~ to the support or payment
13 5 of such bonds.
13 6 Sec. 23. NEW SECTION. 423F.1 REPEAL OF LOCAL SALES AND
13 7 SERVICES TAXES == SECURE AN ADVANCED VISION FOR EDUCATION
13 8 FUND.
13 9 1. a. After July 1, 2008, all local sales and services
13 10 taxes for school infrastructure purposes imposed under chapter
13 11 423E are repealed. After July 1, 2008, a county no longer has
13 12 the authority under chapter 423E or any other provision of law
13 13 to impose or to extend an existing local sales and services
13 14 tax for school infrastructure purposes.
13 15 b. The increase in the state sales, services, and use
13 16 taxes under chapter 423, subchapters II and III, from five
13 17 percent to six percent shall replace the repeal of the
13 18 county's local sales and services tax for school
13 19 infrastructure purposes. The distribution of moneys in the
13 20 secure an advanced vision for education fund and the use of
13 21 the moneys for infrastructure purposes or property tax relief
13 22 shall be as provided in this chapter. However, the formula
13 23 for the distribution of the moneys in the fund shall be based
13 24 upon amounts that would have been received if the local sales
13 25 and services taxes under chapter 423E, Code 2007, continued in
13 26 existence.
13 27 c. To the extent that any school district has issued bonds
13 28 anticipating the proceeds of a local sales and services tax
13 29 for school infrastructure purposes prior to July 1, 2008, the
13 30 pledge of such tax receipts for the payment of principal and
13 31 interest on such bonds shall be replaced by a pledge of its

13 32 share of the revenues the school district receives under this
13 33 section.

13 34 2. A secure an advanced vision for education fund is
13 35 created as a separate and distinct fund in the state treasury
14 1 under the control of the department of revenue. Moneys in the
14 2 fund include revenues credited to the fund pursuant to this
14 3 chapter, appropriations made to the fund, and other moneys
14 4 deposited into the fund. Subject to subsection 3, any amounts
14 5 disbursed from the fund shall be utilized for school
14 6 infrastructure purposes or property tax relief.

14 7 3. The moneys available in a fiscal year in the secure an
14 8 advanced vision for education fund shall be distributed by the
14 9 department of revenue to each school district in an amount
14 10 equal to the amount the school district would have received
14 11 pursuant to the formula in section 423E.4 as if the local
14 12 sales and services tax for school infrastructure purposes was
14 13 imposed. Moneys in a fiscal year that are in excess of that
14 14 needed to provide each school district with its formula amount
14 15 shall be distributed and credited to the property tax equity
14 16 and relief fund created in section 257.16A.

14 17 4. a. The director of revenue by August 15 of each fiscal
14 18 year shall send to each school district an estimate of the
14 19 amount of tax moneys each school district will receive for the
14 20 year and for each month of the year. At the end of each
14 21 month, the director may revise the estimates for the year and
14 22 remaining months.

14 23 b. The director shall remit ninety-five percent of the
14 24 estimated tax receipts for the school district to the school
14 25 district on or before August 31 of the fiscal year and on or
14 26 before the last day of each following month.

14 27 c. The director shall remit a final payment of the
14 28 remainder of tax moneys due for the fiscal year before
14 29 November 10 of the next fiscal year. If an overpayment has
14 30 resulted during the previous fiscal year, the November payment
14 31 shall be adjusted to reflect any overpayment.

14 32 Sec. 24. NEW SECTION. 423F.2 USE OF REVENUES.

14 33 1. A school district receiving revenues from the secure an
14 34 advanced vision for education fund under this chapter without
14 35 a valid revenue purpose statement shall expend the revenues

15 1 subject to subsections 2 and 3 for the following purposes:
15 2 a. Reduction of bond levies under sections 298.18 and
15 3 298.18A and all other debt levies.

15 4 b. Reduction of the regular and voter-approved physical
15 5 plant and equipment levy under section 298.2.

15 6 c. Reduction of the public educational and recreational
15 7 levy under section 300.2.

15 8 d. Reduction of the schoolhouse tax levy under section
15 9 278.1, subsection 7, Code 1989.

15 10 e. For any authorized infrastructure purpose of the school
15 11 district as defined in subsection 6.

15 12 f. For the payment of principal and interest on bonds
15 13 issued under sections 423E.5 and 423F.3.

15 14 2. A revenue purpose statement in existence for the
15 15 expenditure of local sales and services tax for school
15 16 infrastructure purposes imposed by a county pursuant to
15 17 section 423E.2, Code 2007, prior to July 1, 2008, shall remain
15 18 in effect until amended or extended. The board of directors
15 19 of a school district may take action to adopt or amend a
15 20 revenue purpose statement specifying the specific purposes for
15 21 which the revenues received from the secure an advanced vision
15 22 for education fund will be expended. If a school district is
15 23 located in a county which has imposed a local sales and
15 24 services tax for school infrastructure purposes prior to July
15 25 1, 2008, this action shall be taken before expending or
15 26 anticipating revenues to be received after the unextended term
15 27 of the tax unless the school district elects to adopt a
15 28 revenue purpose statement as provided in subsection 3.

15 29 3. The governing body shall institute proceedings to
15 30 approve a revenue purpose statement by causing a notice of the
15 31 meeting to discuss approval of a revenue purpose statement to
15 32 be published at least once in a newspaper of general
15 33 circulation within the school district at least ten days prior
15 34 to the meeting. Within thirty days following the meeting, the
15 35 board of directors shall take action to approve a revenue
16 1 purpose statement. If within thirty days after the meeting
16 2 approving a revenue purpose statement a petition is filed with
16 3 the secretary of the board asking that the question of
16 4 approving the revenue purpose statement be submitted to the
16 5 registered voters of the school district, the board shall
16 6 either by resolution repeal the action approving a revenue
16 7 purpose statement or direct the county commissioner of

16 8 elections to call a special election upon the question of
16 9 approving the revenue purpose statement. The petition must be
16 10 signed by eligible electors equal to the greater of one
16 11 hundred or thirty percent of the number of voters at the last
16 12 preceding regular school election. A majority of those voting
16 13 on the question must favor approval of the revenue purpose
16 14 statement.

16 15 4. The revenues received pursuant to this chapter shall be
16 16 expended for the purposes specified in the revenue purpose
16 17 statement. If a board of directors has not approved a revenue
16 18 purpose statement, the revenues shall be expended in the order
16 19 listed in subsection 1 except that the payment of bonds for
16 20 which the revenues have been pledged shall be paid first.
16 21 Once approved, a revenue purpose statement is effective until
16 22 amended or repealed by the foregoing procedures. A revenue
16 23 purpose statement shall not be amended or repealed to reduce
16 24 the amount of revenue pledged to the payment of principal and
16 25 interest on bonds as long as any bonds authorized by sections
16 26 423E.5 and 423F.3 are outstanding unless funds sufficient to
16 27 pay principal, interest, and premium, if any, on the
16 28 outstanding obligations at or prior to maturity have been
16 29 properly set aside and pledged for that purpose.

16 30 5. A school district with a certified enrollment of fewer
16 31 than two hundred fifty pupils in the entire district or
16 32 certified enrollment of fewer than one hundred pupils in high
16 33 school shall not expend the amount received for new
16 34 construction without prior application to the department of
16 35 education and receipt of a certificate of need pursuant to
17 1 this subsection. A certificate of need is not required for
17 2 repairing schoolhouses or buildings, equipment, technology, or
17 3 transportation equipment for transporting students as provided
17 4 in section 298.3, or for construction necessary for compliance
17 5 with the federal Americans With Disabilities Act pursuant to
17 6 42 U.S.C. } 12101==12117. In determining whether a
17 7 certificate of need shall be issued or denied, the department
17 8 shall consider all of the following:

17 9 a. Enrollment trends in the grades that will be served at
17 10 the new construction site.

17 11 b. The infeasibility of remodeling, reconstructing, or
17 12 repairing existing buildings.

17 13 c. The fire and health safety needs of the school
17 14 district.

17 15 d. The distance, convenience, cost of transportation, and
17 16 accessibility of the new construction site to the students to
17 17 be served at the new construction site.

17 18 e. Availability of alternative, less costly, or more
17 19 effective means of serving the needs of the students.

17 20 f. The financial condition of the district, including the
17 21 effect of the decline of the budget guarantee and unspent
17 22 balance.

17 23 g. Broad and long-term ability of the district to support
17 24 the facility and the quality of the academic program.

17 25 h. Cooperation with other educational entities including
17 26 other school districts, area education agencies, postsecondary
17 27 institutions, and local communities.

17 28 6. a. For purposes of this chapter, "school
17 29 infrastructure" means those activities authorized in section
17 30 423E.1, subsection 3, Code 2007.

17 31 b. Additionally, "school infrastructure" includes the
17 32 payment or retirement of outstanding bonds previously issued
17 33 for school infrastructure purposes as defined in this
17 34 subsection, and the payment or retirement of bonds issued
17 35 under sections 423E.5 and 423F.3.

18 1 c. A school district that uses secure an advanced vision
18 2 for education fund moneys for school infrastructure shall
18 3 comply with the state building code in the absence of a local
18 4 building code.

18 5 7. The general assembly shall not alter the purposes for
18 6 which the revenues received under this section may be used
18 7 from infrastructure and property tax relief purposes to any
18 8 other purpose unless the bill is approved by a vote of at
18 9 least two-thirds of the members of both chambers of the
18 10 general assembly and is signed by the governor.

18 11 Sec. 25. NEW SECTION. 423F.3 BORROWING AUTHORITY FOR
18 12 SCHOOL DISTRICTS.

18 13 A school district may anticipate its share of the revenues
18 14 under section 423F.1 by issuing bonds in the manner provided
18 15 in section 423E.5. However, to the extent any school district
18 16 has issued bonds anticipating the proceeds of an extended
18 17 local sales and services tax for school infrastructure
18 18 purposes imposed by a county pursuant to chapter 423E, Code

18 19 2007, prior to July 1, 2008, the pledge of such revenues for
18 20 the payment of principal and interest on such bonds shall be
18 21 replaced by a pledge of its share of the revenues under
18 22 section 423F.1.
18 23 Sec. 26. Section 423E.1, Code 2007, is repealed.
18 24 Sec. 27. Section 423E.2, Code Supplement 2007, is
18 25 repealed.
18 26 Sec. 28. CONSTRUCTION CONTRACTORS.
18 27 1. Construction contractors may make application to the
18 28 department of revenue for a refund of the additional one
18 29 percent tax paid under chapter 423 by reason of the increase
18 30 in the sales and use taxes from five to six percent for taxes
18 31 paid on goods, wares, or merchandise under the following
18 32 conditions:
18 33 a. The goods, wares, or merchandise are incorporated into
18 34 an improvement to real estate in fulfillment of a written
18 35 contract fully executed prior to July 1, 2008. The refund
19 1 shall not apply to equipment transferred in fulfillment of a
19 2 mixed construction contract.
19 3 b. The contractor has paid to the department of revenue or
19 4 to a retailer the full six percent tax.
19 5 c. The claim is filed on forms provided by the department
19 6 of revenue and is filed within one year of the date the tax is
19 7 paid.
19 8 2. A contractor who makes an erroneous application for
19 9 refund shall be liable for payment of the excess refund paid
19 10 plus interest at the rate in effect under section 421.7. In
19 11 addition, a contractor who willfully makes a false application
19 12 for refund is liable for a penalty equal to fifty percent of
19 13 the excess refund claimed. Excess refunds, penalties, and
19 14 interest due under this section may be enforced and collected
19 15 in the same manner as the tax imposed by chapter 423.
19 16 Sec. 29. APPLICABILITY. This section applies in regard to
19 17 the increase in the state sales and use taxes from five to six
19 18 percent. The six percent rate applies to all sales of taxable
19 19 personal property, consisting of goods, wares, or merchandise
19 20 if delivery occurs on or after July 1, 2008. The six percent
19 21 use tax rate applies to the use of property when the first
19 22 taxable use in this state occurs on or after July 1, 2008.
19 23 The six percent rate applies to the gross receipts from the
19 24 sale, furnishing, or service of gas, electricity, water, heat,
19 25 pay television service, and communication service if the date
19 26 of billing the customer is on or after July 1, 2008. In the
19 27 case of a service contract entered into prior to July 1, 2008,
19 28 which contract calls for periodic payments, the six percent
19 29 rate applies to those payments made or due on or after July 1,
19 30 2008. This periodic payment applies but is not limited to
19 31 tickets or admissions, private club membership fees, sources
19 32 of amusement, equipment rental, dry cleaning, reducing salons,
19 33 dance schools, and all other services subject to tax, except
19 34 the aforementioned utility services which are subject to a
19 35 special transitional rule. Unlike periodic payments under
20 1 service contracts, installment sales of goods, wares, and
20 2 merchandise are subject to the full amount of sales or use tax
20 3 when the sales contract is entered into or the property is
20 4 first used in Iowa.
20 5 COORDINATING AMENDMENTS
20 6 Sec. 30. Section 8.57, subsection 6, paragraph f, Code
20 7 Supplement 2007, is amended to read as follows:
20 8 f. There is appropriated from the rebuild Iowa
20 9 infrastructure fund to the secure an advanced vision for
20 10 education fund created in section ~~423E.4~~ 423F.1, for each
20 11 fiscal year of the fiscal period beginning July 1, ~~2004~~ 2008,
20 12 and ending June 30, 2014, the amount of the moneys in excess
20 13 of the first forty-seven million dollars credited to the
20 14 rebuild Iowa infrastructure fund during the fiscal year, not
20 15 to exceed ten million dollars.
20 16 Sec. 31. Section 76.4, Code 2007, is amended to read as
20 17 follows:
20 18 76.4 PERMISSIVE APPLICATION OF FUNDS.
20 19 Whenever the governing authority of such political
20 20 subdivision shall have on hand funds derived from any other
20 21 source than taxation which may be appropriated to the payment
20 22 either of interest or principal, or both principal and
20 23 interest of such bonds, such funds may be so appropriated and
20 24 used and the levy for the payment of the bonds correspondingly
20 25 reduced. This section shall not restrict the authority of a
20 26 political subdivision to apply sales and services tax receipts
20 27 collected pursuant to chapter 423B for such purpose.
20 28 Notwithstanding section ~~423E.1, subsection 3~~ 423F.2, a school
20 29 district may apply ~~local sales and services~~ tax receipts

20 30 ~~collected received~~ pursuant to chapter ~~423E~~ 423F for the
20 31 purposes of this section.

20 32 Sec. 32. Section 292.1, subsection 8, Code 2007, is
20 33 amended to read as follows:

20 34 8. "Sales tax capacity per pupil" means the estimated
20 35 amount of revenues that a school district receives or would
21 1 receive if a local sales and services tax for school
~~21 2 infrastructure is imposed at one percent from the secure an~~
~~21 3 advanced vision for education fund pursuant to section 423E.2~~
~~21 4 423F.1, divided by the school district's basic enrollment for~~
~~21 5 the budget year. For the budget year beginning July 1, 2000,~~
~~21 6 the school district's actual enrollment shall be used in the~~
~~21 7 calculation in place of the school district's basic enrollment~~
~~21 8 for the budget year.~~

21 9 Sec. 33. Section 292.2, subsection 1, paragraph c, Code
21 10 2007, is amended to read as follows:

21 11 c. The department of education, in consultation with the
21 12 department of revenue and the legislative services agency,
21 13 shall annually calculate the estimated ~~sales and services~~ tax
21 14 for school infrastructure, ~~if imposed at one percent~~, that is
21 15 or would be received by each school district in the state
21 16 pursuant to section ~~423E.3~~ 423F.1. These calculations shall
21 17 be made on a total tax and on a tax per pupil basis for each
21 18 school district.

21 19 Sec. 34. Section 292.2, subsection 2, paragraph a,
21 20 subparagraph (2), Code 2007, is amended to read as follows:

21 21 (2) ~~Local sales and services tax~~ Tax moneys received
21 22 pursuant to section ~~423E.3~~ 423F.1.

21 23 Sec. 35. Section 292.2, subsection 3, paragraph i, Code
21 24 2007, is amended by striking the paragraph.

21 25 Sec. 36. Section 292.2, subsection 7, paragraph d, Code
21 26 2007, is amended to read as follows:

21 27 d. A school district ~~for which a sales and services tax~~
~~21 28 for school infrastructure has not been imposed pursuant to~~
~~21 29 section 423E.2 or a school district receiving minimal revenues~~
21 30 under section ~~423E.3~~ 423F.1 when the total enrollment of the
21 31 school district is considered.

21 32 Sec. 37. Section 292.2, subsection 10, Code 2007, is
21 33 amended by striking the subsection.

21 34 Sec. 38. Section 312.1, subsection 4, Code 2007, is
21 35 amended to read as follows:

22 1 4. To the extent provided in section 423.43, subsection ~~1~~
22 2 2, paragraph ~~"b"~~ "a", subparagraph (2), from revenue derived
22 3 from the use tax, under chapter 423 on motor vehicles,
22 4 trailers, and motor vehicle accessories and equipment.

22 5 Sec. 39. Section 312.2, subsection 14, Code Supplement
22 6 2007, is amended to read as follows:

22 7 14. The treasurer of state, before making the allotments
22 8 provided for in this section, shall credit monthly from the
22 9 road use tax fund to the state department of transportation
22 10 from revenue credited to the road use tax fund under section
22 11 423.43, subsection ~~1~~ 2, paragraph ~~"b"~~ "a", subparagraph (2),
22 12 an amount equal to one-twentieth of eighty percent of the
22 13 revenue from the operation of section 423.26, to be used for
22 14 purposes of public transit assistance under chapter 324A.

22 15 Sec. 40. Section 321.34, subsection 7, paragraph c, Code
22 16 Supplement 2007, is amended to read as follows:

22 17 c. The fees for a collegiate registration plate are as
22 18 follows:

22 19 (1) A registration fee of twenty-five dollars.

22 20 (2) A special collegiate registration fee of twenty-five
22 21 dollars.

22 22 These fees are in addition to the regular annual
22 23 registration fee. The fees collected by the director under
22 24 this subsection shall be paid monthly to the treasurer of
22 25 state and credited by the treasurer of state to the road use
22 26 tax fund. Notwithstanding section 423.43 and prior to the
22 27 revenues being credited to the road use tax fund under section
22 28 423.43, subsection ~~1~~ 2, paragraph ~~"b"~~ "a", subparagraph (2),
22 29 the treasurer of state shall credit monthly from those
22 30 revenues respectively, to Iowa state university of science and
22 31 technology, the university of northern Iowa, and the state
22 32 university of Iowa, the amount of the special collegiate
22 33 registration fees collected in the previous month for
22 34 collegiate registration plates designed for the university.

22 35 The moneys credited are appropriated to the respective
23 1 universities to be used for scholarships for students
23 2 attending the universities.

23 3 Sec. 41. Section 321.34, subsection 10, paragraph c, Code
23 4 Supplement 2007, is amended to read as follows:

23 5 c. The special fees collected by the director under this

23 6 subsection shall be paid monthly to the treasurer of state and
23 7 credited to the road use tax fund. Notwithstanding section
23 8 423.43, and prior to the crediting of revenues to the road use
23 9 tax fund under section 423.43, subsection ~~1~~ 2, paragraph ~~"b"~~
23 10 "a", subparagraph (2), the treasurer of state shall transfer
23 11 monthly from those revenues to the Paul Ryan memorial fire
23 12 fighter safety training fund created pursuant to section
23 13 100B.12 the amount of the special fees collected in the
23 14 previous month for the fire fighter plates.

23 15 Sec. 42. Section 321.34, subsection 10A, paragraph b, Code
23 16 Supplement 2007, is amended to read as follows:

23 17 b. The special fees collected by the director under this
23 18 subsection shall be paid monthly to the treasurer of state and
23 19 credited to the road use tax fund. Notwithstanding section
23 20 423.43, and prior to the crediting of revenues to the road use
23 21 tax fund under section 423.43, subsection ~~1~~ 2, paragraph ~~"b"~~
23 22 "a", subparagraph (2), the treasurer of state shall transfer
23 23 monthly from those revenues to the emergency medical services
23 24 fund created in section 135.25 the amount of the special fees
23 25 collected in the previous month for issuance of emergency
23 26 medical services plates.

23 27 Sec. 43. Section 321.34, subsection 11, paragraph c,
23 28 unnumbered paragraph 1, Code Supplement 2007, is amended to
23 29 read as follows:

23 30 The special natural resources fee for letter number
23 31 designated natural resources plates is forty-five dollars.
23 32 The fee for personalized natural resources plates is
23 33 forty-five dollars which shall be paid in addition to the
23 34 special natural resources fee of forty-five dollars. The fees
23 35 collected by the director under this subsection shall be paid
24 1 monthly to the treasurer of state and credited to the road use
24 2 tax fund. Notwithstanding section 423.43, and prior to the
24 3 crediting of revenues to the road use tax fund under section
24 4 423.43, subsection ~~1~~ 2, paragraph ~~"b"~~ "a", subparagraph (2),
24 5 the treasurer of state shall credit monthly from those
24 6 revenues to the Iowa resources enhancement and protection fund
24 7 created pursuant to section 455A.18, the amount of the special
24 8 natural resources fees collected in the previous month for the
24 9 natural resources plates.

24 10 Sec. 44. Section 321.34, subsection 11A, paragraph c, Code
24 11 Supplement 2007, is amended to read as follows:

24 12 c. The special fee for letter number designated love our
24 13 kids plates is thirty-five dollars. The fee for personalized
24 14 love our kids plates is twenty-five dollars, which shall be
24 15 paid in addition to the special love our kids fee of
24 16 thirty-five dollars. The fees collected by the director under
24 17 this subsection shall be paid monthly to the treasurer of
24 18 state and credited to the road use tax fund. Notwithstanding
24 19 section 423.43, and prior to the crediting of revenues to the
24 20 road use tax fund under section 423.43, subsection ~~1~~ 2,
24 21 paragraph ~~"b"~~ "a", subparagraph (2), the treasurer of state
24 22 shall transfer monthly from those revenues to the Iowa
24 23 department of public health the amount of the special fees
24 24 collected in the previous month for the love our kids plates.
24 25 Notwithstanding section 8.33, moneys transferred under this
24 26 subsection shall not revert to the general fund of the state.

24 27 Sec. 45. Section 321.34, subsection 11B, paragraph c, Code
24 28 Supplement 2007, is amended to read as follows:

24 29 c. The special fee for letter number designated motorcycle
24 30 rider education plates is thirty-five dollars. The fee for
24 31 personalized motorcycle rider education plates is twenty-five
24 32 dollars, which shall be paid in addition to the special
24 33 motorcycle rider education fee of thirty-five dollars. The
24 34 fees collected by the director under this subsection shall be
24 35 paid monthly to the treasurer of state and credited to the
25 1 road use tax fund. Notwithstanding section 423.43, and prior
25 2 to the crediting of revenues to the road use tax fund under
25 3 section 423.43, subsection ~~1~~ 2, paragraph ~~"b"~~ "a",
25 4 subparagraph (2), the treasurer of state shall transfer
25 5 monthly from those revenues to the department for use in
25 6 accordance with section 321.180B, subsection 6, the amount of
25 7 the special fees collected in the previous month for the
25 8 motorcycle rider education plates.

25 9 Sec. 46. Section 321.34, subsection 13, paragraph d, Code
25 10 Supplement 2007, is amended to read as follows:

25 11 d. A state agency may submit a request to the department
25 12 recommending a special registration plate. The alternate fee
25 13 for letter number designated plates is thirty-five dollars
25 14 with a ten dollar annual special renewal fee. The fee for
25 15 personalized plates is twenty-five dollars which is in
25 16 addition to the alternative fee of thirty-five dollars with an

25 17 annual personalized plate renewal fee of five dollars which is
25 18 in addition to the special renewal fee of ten dollars. The
25 19 alternate fees are in addition to the regular annual
25 20 registration fee. The alternate fees collected under this
25 21 paragraph shall be paid monthly to the treasurer of state and
25 22 credited to the road use tax fund. Notwithstanding section
25 23 423.43, and prior to the crediting of the revenues to the road
25 24 use tax fund under section 423.43, subsection ~~1~~ 2, paragraph
25 25 ~~"b"~~ "a", subparagraph (2), the treasurer of state shall credit
25 26 monthly the amount of the alternate fees collected in the
25 27 previous month to the state agency that recommended the
25 28 special registration plate.

25 29 Sec. 47. Section 321.34, subsection 16, unnumbered
25 30 paragraph 1, Code Supplement 2007, is amended to read as
25 31 follows:

25 32 An owner referred to in subsection 12 who is a member of
25 33 the national guard, as defined in chapter 29A, may, upon
25 34 written application to the department, order special
25 35 registration plates with a national guard processed emblem
26 1 with the emblem designed by the department in cooperation with
26 2 the adjutant general which emblem signifies that the applicant
26 3 is a member of the national guard. The application shall be
26 4 approved by the department in consultation with the adjutant
26 5 general. The special plate fees collected by the director
26 6 under subsection 12, paragraph "a", from the issuance and
26 7 annual validation of letter=number designated and personalized
26 8 national guard plates shall be paid monthly to the treasurer
26 9 of state and credited to the road use tax fund.
26 10 Notwithstanding section 423.43, and prior to the crediting of
26 11 revenues to the road use tax fund under section 423.43,
26 12 subsection ~~1~~ 2, paragraph ~~"b"~~ "a", subparagraph (2), the
26 13 treasurer of state shall transfer monthly from those revenues
26 14 to the veterans license fee fund created in section 35A.11 the
26 15 amount of the special fees collected in the previous month for
26 16 national guard plates. Special registration plates with a
26 17 national guard processed emblem shall be surrendered, as
26 18 provided in subsection 12, in exchange for regular
26 19 registration plates upon termination of the owner's membership
26 20 in the active national guard.

26 21 Sec. 48. Section 321.34, subsection 17, unnumbered
26 22 paragraph 1, Code Supplement 2007, is amended to read as
26 23 follows:

26 24 An owner referred to in subsection 12 who was at Pearl
26 25 Harbor, Hawaii, as a member of the armed services of the
26 26 United States on December 7, 1941, may, upon written
26 27 application to the department, order special registration
26 28 plates with a Pearl Harbor processed emblem. The emblem shall
26 29 be designed by the department in consultation with service
26 30 organizations. The application is subject to approval by the
26 31 department. The special plate fees collected by the director
26 32 under subsection 12, paragraph "a", from the issuance and
26 33 annual validation of letter=number designated and personalized
26 34 Pearl Harbor plates shall be paid monthly to the treasurer of
26 35 state and credited to the road use tax fund. Notwithstanding
27 1 section 423.43, and prior to the crediting of revenues to the
27 2 road use tax fund under section 423.43, subsection ~~1~~ 2,
27 3 paragraph ~~"b"~~ "a", subparagraph (2), the treasurer of state
27 4 shall transfer monthly from those revenues to the veterans
27 5 license fee fund created in section 35A.11 the amount of the
27 6 special fees collected in the previous month for Pearl Harbor
27 7 plates.

27 8 Sec. 49. Section 321.34, subsection 18, unnumbered
27 9 paragraph 1, Code Supplement 2007, is amended to read as
27 10 follows:

27 11 An owner referred to in subsection 12 who was awarded a
27 12 purple heart medal by the United States government for wounds
27 13 received in military or naval combat against an armed enemy of
27 14 the United States may, upon written application to the
27 15 department and presentation of satisfactory proof of the award
27 16 of the purple heart medal, order special registration plates
27 17 with a purple heart processed emblem. The design of the
27 18 emblem shall include a representation of a purple heart medal
27 19 and ribbon. The application is subject to approval by the
27 20 department in consultation with the adjutant general. The
27 21 special plate fees collected by the director under subsection
27 22 12, paragraph "a", from the issuance and annual validation of
27 23 letter=number designated and personalized purple heart plates
27 24 shall be paid monthly to the treasurer of state and credited
27 25 to the road use tax fund. Notwithstanding section 423.43, and
27 26 prior to the crediting of revenues to the road use tax fund
27 27 under section 423.43, subsection ~~1~~ 2, paragraph ~~"b"~~ "a",

27 28 subparagraph (2), the treasurer of state shall transfer
27 29 monthly from those revenues to the veterans license fee fund
27 30 created in section 35A.11 the amount of the special fees
27 31 collected in the previous month for purple heart plates.

27 32 Sec. 50. Section 321.34, subsection 19, unnumbered
27 33 paragraph 1, Code Supplement 2007, is amended to read as
27 34 follows:

27 35 An owner referred to in subsection 12 who is a retired
28 1 member of the United States armed forces may, upon written
28 2 application to the department and upon presentation of
28 3 satisfactory proof of membership, order special registration
28 4 plates with a United States armed forces retired processed
28 5 emblem. The emblem shall be designed by the department in
28 6 consultation with service organizations. The application is
28 7 subject to approval by the department. For purposes of this
28 8 subsection, a person is considered to be retired if the person
28 9 is recognized by the United States armed forces as retired
28 10 from the United States armed forces. The special plate fees
28 11 collected by the director under subsection 12, paragraph "a",
28 12 from the issuance and annual validation of letter=number
28 13 designated and personalized armed forces retired plates shall
28 14 be paid monthly to the treasurer of state and credited to the
28 15 road use tax fund. Notwithstanding section 423.43, and prior
28 16 to the crediting of revenues to the road use tax fund under
28 17 section 423.43, subsection ~~1~~ 2, paragraph ~~"b"~~ "a",

28 18 subparagraph (2), the treasurer of state shall transfer
28 19 monthly from those revenues to the veterans license fee fund
28 20 created in section 35A.11 the amount of the special fees
28 21 collected in the previous month for armed forces retired
28 22 plates.

28 23 Sec. 51. Section 321.34, subsection 20, unnumbered
28 24 paragraph 1, Code Supplement 2007, is amended to read as
28 25 follows:

28 26 An owner referred to in subsection 12 who was awarded a
28 27 silver or a bronze star by the United States government, may,
28 28 upon written application to the department and presentation of
28 29 satisfactory proof of the award of the silver or bronze star,
28 30 order special registration plates with a silver or bronze star
28 31 processed emblem. The emblem shall be designed by the
28 32 department in consultation with the adjutant general. The
28 33 special plate fees collected by the director under subsection
28 34 12, paragraph "a", from the issuance and annual validation of
28 35 letter=number designated and personalized silver star and
29 1 bronze star plates shall be paid monthly to the treasurer of
29 2 state and credited to the road use tax fund. Notwithstanding
29 3 section 423.43, and prior to the crediting of revenues to the
29 4 road use tax fund under section 423.43, subsection ~~1~~ 2,
29 5 paragraph ~~"b"~~ "a", subparagraph (2), the treasurer of state
29 6 shall transfer monthly from those revenues to the veterans
29 7 license fee fund created in section 35A.11 the amount of the
29 8 special fees collected in the previous month for silver star
29 9 and bronze star plates.

29 10 Sec. 52. Section 321.34, subsection 20A, unnumbered
29 11 paragraph 1, Code Supplement 2007, is amended to read as
29 12 follows:

29 13 An owner referred to in subsection 12 who was awarded a
29 14 distinguished service cross, a navy cross, or an air force
29 15 cross by the United States government may, upon written
29 16 application to the department and presentation of satisfactory
29 17 proof of the award, order special registration plates with a
29 18 distinguished service cross, navy cross, or air force cross
29 19 processed emblem. The emblem shall be designed by the
29 20 department in consultation with the adjutant general. The
29 21 special plate fees collected by the director under subsection
29 22 12, paragraph "a", from the issuance and annual validation of
29 23 letter=number designated and personalized distinguished
29 24 service cross, navy cross, and air force cross plates shall be
29 25 paid monthly to the treasurer of state and credited to the
29 26 road use tax fund. Notwithstanding section 423.43, and prior
29 27 to the crediting of revenues to the road use tax fund under
29 28 section 423.43, subsection ~~1~~ 2, paragraph ~~"b"~~ "a",

29 29 subparagraph (2), the treasurer of state shall transfer
29 30 monthly from those revenues to the veterans license fee fund
29 31 created in section 35A.11 the amount of the special fees
29 32 collected in the previous month for distinguished service
29 33 cross, navy cross, and air force cross plates.

29 34 Sec. 53. Section 321.34, subsection 20B, unnumbered
29 35 paragraph 1, Code Supplement 2007, is amended to read as
30 1 follows:

30 2 An owner referred to in subsection 12 who was awarded a
30 3 soldier's medal, a navy and marine corps medal, or an airman's

30 4 medal by the United States government may, upon written
30 5 application to the department and presentation of satisfactory
30 6 proof of the award, order special registration plates with a
30 7 soldier's medal, navy and marine corps medal, or airman's
30 8 medal processed emblem. The emblem shall be designed by the
30 9 department in consultation with the adjutant general. The
30 10 special plate fees collected by the director under subsection
30 11 12, paragraph "a", from the issuance and annual validation of
30 12 letter=number designated and personalized soldier's medal,
30 13 navy and marine corps medal, and airman's medal plates shall
30 14 be paid monthly to the treasurer of state and credited to the
30 15 road use tax fund. Notwithstanding section 423.43, and prior
30 16 to the crediting of revenues to the road use tax fund under
30 17 section 423.43, subsection ~~1~~ 2, paragraph ~~"b"~~ "a",
30 18 subparagraph (2), the treasurer of state shall transfer
30 19 monthly from those revenues to the veterans license fee fund
30 20 created in section 35A.11 the amount of the special fees
30 21 collected in the previous month for soldier's medal, navy and
30 22 marine corps medal, and airman's medal plates.

30 23 Sec. 54. Section 321.34, subsection 21, paragraph c, Code
30 24 Supplement 2007, is amended to read as follows:
30 25 c. The special fees collected by the director under this
30 26 subsection shall be paid monthly to the treasurer of state and
30 27 credited to the road use tax fund. Notwithstanding section
30 28 423.43, and prior to the crediting of revenues to the road use
30 29 tax fund under section 423.43, subsection ~~1~~ 2, paragraph ~~"b"~~
30 30 "a", subparagraph (2), the treasurer of state shall credit
30 31 monthly to the Iowa heritage fund created under section 303.9A
30 32 the amount of the special fees collected in the previous month
30 33 for the Iowa heritage plates.

30 34 Sec. 55. Section 321.34, subsection 22, paragraph b, Code
30 35 Supplement 2007, is amended to read as follows:
31 1 b. The special school transportation fee for letter number
31 2 designated education plates is thirty=five dollars. The fee
31 3 for personalized education plates is twenty=five dollars,
31 4 which shall be paid in addition to the special school
31 5 transportation fee of thirty=five dollars. The annual special
31 6 school transportation fee is ten dollars for letter number
31 7 designated registration plates and is fifteen dollars for
31 8 personalized registration plates which shall be paid in
31 9 addition to the regular annual registration fee. The fees
31 10 collected by the director under this subsection shall be paid
31 11 monthly to the treasurer of state and credited to the road use
31 12 tax fund. Notwithstanding section 423.43, and prior to the
31 13 crediting of revenues to the road use tax fund under section
31 14 423.43, subsection ~~1~~ 2, paragraph ~~"b"~~ "a", subparagraph (2),
31 15 the treasurer of state shall transfer monthly from those
31 16 revenues to the school budget review committee in accordance
31 17 with section 257.31, subsection 17, the amount of the special
31 18 school transportation fees collected in the previous month for
31 19 the education plates.

31 20 Sec. 56. Section 321.34, subsection 23, paragraph c, Code
31 21 Supplement 2007, is amended to read as follows:
31 22 c. The special fee for letter number designated breast
31 23 cancer awareness plates is thirty=five dollars. The fee for
31 24 personalized breast cancer awareness plates is twenty=five
31 25 dollars, which shall be paid in addition to the special breast
31 26 cancer awareness fee of thirty=five dollars. The fees
31 27 collected by the director under this subsection shall be paid
31 28 monthly to the treasurer of state and credited to the road use
31 29 tax fund. Notwithstanding section 423.43, and prior to the
31 30 crediting of revenues to the road use tax fund under section
31 31 423.43, subsection ~~1~~ 2, paragraph ~~"b"~~ "a", subparagraph (2),
31 32 the treasurer of state shall transfer monthly from those
31 33 revenues to the Iowa department of public health the amount of
31 34 the special fees collected in the previous month for the
31 35 breast cancer awareness plates and such funds are appropriated
32 1 to the Iowa department of public health. The Iowa department
32 2 of public health shall distribute one hundred percent of the
32 3 funds received monthly in the form of grants to support breast
32 4 cancer screenings for both men and women who meet eligibility
32 5 requirements like those established by the Susan G. Komen
32 6 foundation. In the awarding of grants, the Iowa department of
32 7 public health shall give first consideration to affiliates of
32 8 the Susan G. Komen foundation and similar nonprofit
32 9 organizations providing for breast cancer screenings at no
32 10 cost in Iowa. Notwithstanding section 8.33, moneys
32 11 transferred under this subsection shall not revert to the
32 12 general fund of the state.

32 13 Sec. 57. Section 321.34, subsection 24, Code Supplement
32 14 2007, is amended to read as follows:

32 15 24. GOLD STAR PLATES. An owner referred to in subsection
32 16 12 who is the surviving spouse, parent, child, or sibling of a
32 17 deceased member of the United States armed forces who died
32 18 while serving on active duty during a time of military
32 19 conflict may order special registration plates bearing a gold
32 20 star emblem upon written application to the department
32 21 accompanied by satisfactory supporting documentation as
32 22 determined by the department. The gold star emblem shall be
32 23 designed by the department in cooperation with the commission
32 24 of veterans affairs. The special plate fees collected by the
32 25 director under subsection 12, paragraph "a", from the issuance
32 26 and annual validation of letter-number designated and
32 27 personalized gold star plates shall be paid monthly to the
32 28 treasurer of state and credited to the road use tax fund.
32 29 Notwithstanding section 423.43, and prior to the crediting of
32 30 revenues to the road use tax fund under section 423.43,
32 31 subsection ~~± 2~~, paragraph ~~"b"~~ "a", subparagraph (2), the
32 32 treasurer of state shall transfer monthly from those revenues
32 33 to the veterans license fee fund created in section 35A.11 the
32 34 amount of the special fees collected in the previous month for
32 35 gold star plates.

33 1 Sec. 58. Section 327I.26, Code 2007, is amended to read as
33 2 follows:

33 3 327I.26 APPROPRIATION TO AUTHORITY.

33 4 Notwithstanding section 423.43, and prior to the
33 5 application of section 423.43, subsection ~~± 2~~, paragraph ~~"b"~~
33 6 "a", subparagraph (2), there shall be deposited into the
33 7 general fund of the state and is appropriated to the authority
33 8 from eighty percent of the revenues derived from the operation
33 9 of section 423.26, the amounts certified by the authority
33 10 under section 327I.25. However, the total amount deposited
33 11 into the general fund and appropriated to the Iowa railway
33 12 finance authority under this section shall not exceed two
33 13 million dollars annually. Moneys appropriated to the Iowa
33 14 railway finance authority under this section are appropriated
33 15 only for the payment of principal and interest on obligations
33 16 or the payment of leases guaranteed by the authority as
33 17 provided under section 327I.25.

33 18 Sec. 59. Section 423.36, subsection 8, paragraph a, Code
33 19 2007, is amended to read as follows:

33 20 a. Except as provided in paragraph "b", purchasers, users,
33 21 and consumers of tangible personal property or enumerated
33 22 services taxed pursuant to subchapter II or III of this
33 23 chapter or ~~chapters chapter 423B and 423E~~ may be authorized,
33 24 pursuant to rules adopted by the director, to remit tax owed
33 25 directly to the department instead of the tax being collected
33 26 and paid by the seller. To qualify for a direct pay tax
33 27 permit, the purchaser, user, or consumer must accrue a tax
33 28 liability of more than four thousand dollars in tax under
33 29 subchapters II and III in a semimonthly period and make
33 30 deposits and file returns pursuant to section 423.31. This
33 31 authority shall not be granted or exercised except upon
33 32 application to the director and then only after issuance by
33 33 the director of a direct pay tax permit.

33 34 Sec. 60. Section 423.57, Code Supplement 2007, is amended
33 35 to read as follows:

34 1 423.57 STATUTES APPLICABLE.

34 2 The director shall administer this subchapter as it relates
34 3 to the taxes imposed in this chapter in the same manner and
34 4 subject to all the provisions of, and all of the powers,
34 5 duties, authority, and restrictions contained in sections
34 6 423.14, 423.15, 423.16, 423.17, 423.19, 423.20, 423.21,
34 7 423.22, 423.23, 423.24, 423.25, 423.28, 423.29, 423.31,
34 8 423.32, 423.33, 423.34, 423.35, 423.37, 423.38, 423.39,
34 9 423.40, 423.41, and 423.42, section 423.43, subsection ~~± 1~~,
34 10 and sections 423.45, 423.46, and 423.47.

34 11 Sec. 61. Section 423B.7, subsection 6, paragraphs a and b,
34 12 Code 2007, are amended by striking the paragraphs.

34 13 Sec. 62. Section 455G.3, subsection 1, Code 2007, is
34 14 amended to read as follows:

34 15 1. The Iowa comprehensive petroleum underground storage
34 16 tank fund is created as a separate fund in the state treasury,
34 17 and any funds remaining in the fund at the end of each fiscal
34 18 year shall not revert to the general fund but shall remain in
34 19 the Iowa comprehensive petroleum underground storage tank
34 20 fund. Interest or other income earned by the fund shall be
34 21 deposited in the fund. The fund shall include moneys credited
34 22 to the fund under this section, section 423.43, subsection ~~±~~
34 23 2, paragraph "a", subparagraph (1), and sections 455G.8,
34 24 455G.9, and 455G.11, Code 2003, and other funds which by law
34 25 may be credited to the fund. The moneys in the fund are

34 26 appropriated to and for the purposes of the board as provided
34 27 in this chapter. Amounts in the fund shall not be subject to
34 28 appropriation for any other purpose by the general assembly,
34 29 but shall be used only for the purposes set forth in this
34 30 chapter. The treasurer of state shall act as custodian of the
34 31 fund and disburse amounts contained in it as directed by the
34 32 board including automatic disbursements of funds as received
34 33 pursuant to the terms of bond indentures and documents and
34 34 security provisions to trustees and custodians. The treasurer
34 35 of state is authorized to invest the funds deposited in the
35 1 fund at the direction of the board and subject to any
35 2 limitations contained in any applicable bond proceedings. The
35 3 income from such investment shall be credited to and deposited
35 4 in the fund. The fund shall be administered by the board
35 5 which shall make expenditures from the fund consistent with
35 6 the purposes of the programs set out in this chapter without
35 7 further appropriation. The fund may be divided into different
35 8 accounts with different depositories as determined by the
35 9 board and to fulfill the purposes of this chapter.

35 10 Sec. 63. Section 455G.6, subsection 4, Code 2007, is
35 11 amended to read as follows:

35 12 4. Grant a mortgage, lien, pledge, assignment, or other
35 13 encumbrance on one or more improvements, revenues, asset of
35 14 right, accounts, or funds established or received in
35 15 connection with the fund, including revenues derived from the
35 16 use tax under section 423.43, subsection ~~± 2~~, paragraph "a",
35 17 subparagraph (1), and deposited in the fund or an account of
35 18 the fund.

35 19 Sec. 64. Section 455G.8, subsection 2, Code 2007, is
35 20 amended to read as follows:

35 21 2. USE TAX. The revenues derived from the use tax imposed
35 22 under chapter 423, subchapter III. The proceeds of the use
35 23 tax under section 423.43, subsection ~~± 2~~, paragraph "a",
35 24 subparagraph (1), shall be allocated, consistent with this
35 25 chapter, among the fund's accounts, for debt service and other
35 26 fund expenses, according to the fund budget, resolution, trust
35 27 agreement, or other instrument prepared or entered into by the
35 28 board or authority under direction of the board.

35 29 Sec. 65. 2007 Iowa Acts, chapter 179, section 6, is
35 30 amended to read as follows:

35 31 SEC. 6. Section 423.57, Code 2007, as amended by this Act,
35 32 is amended to read as follows:

35 33 423.57 STATUTES APPLICABLE.

35 34 The director shall administer this subchapter as it relates
35 35 to the taxes imposed in this chapter in the same manner and
36 1 subject to all the provisions of, and all of the powers,
36 2 duties, authority, and restrictions contained in sections
36 3 423.14, 423.15, 423.16, 423.17, 423.19, 423.20, 423.21,
36 4 423.22, 423.23, 423.24, 423.25, 423.28, 423.29, 423.31,
36 5 423.32, 423.33, 423.34, 423.34A, 423.35, 423.37, 423.38,
36 6 423.39, 423.40, 423.41, and 423.42, section 423.43, subsection
36 7 ~~± 1~~, and sections 423.45, 423.46, and 423.47.

36 8 Sec. 66. EFFECTIVE DATE. The section of this Act amending
36 9 2007 Iowa Acts, chapter 179, takes effect January 1, 2009.

36 10 EXPLANATION

36 11 This bill replaces the local option sales and services tax
36 12 for school infrastructure purposes by increasing the state
36 13 sales and use taxes from 5 percent to 6 percent, effective
36 14 July 1, 2008. The increased state sales and use tax revenues
36 15 are deposited into a new secure advanced vision for
36 16 education fund to be distributed to all school districts
36 17 except for the increased amount raised by the use tax on motor
36 18 vehicles which is deposited into the TIME=21 fund to be used
36 19 for road construction. All existing local sales and services
36 20 taxes for school infrastructure purposes are repealed. A
36 21 statewide amount per pupil is computed each fiscal year based
36 22 upon the estimated amount that would have been generated by a
36 23 1 percent local sales and services tax divided by the combined
36 24 enrollment of all school districts. Each district will
36 25 receive an amount equal to the amount that it would have
36 26 received under the formula if the local sales and services tax
36 27 for school infrastructure was still imposed. Any funds left
36 28 over after distribution under the formula are to be
36 29 distributed to a new property tax equity and relief fund to be
36 30 used to reduce school districts' additional property tax levy.
36 31 This reduction would be in addition to the amounts already
36 32 appropriated for this purpose pursuant to Code section 257.4,
36 33 subsection 4.

36 34 Revenues received are to be used according to a revenue
36 35 purpose statement that was in existence under the replaced
37 1 tax. Prior to use of any revenues after the replaced tax

37 2 revenue purpose statement expires, the school district may
37 3 hold a public meeting on the adoption of a new revenue purpose
37 4 statement. If a valid petition to hold an election is
37 5 submitted, then the school district either withdraws the
37 6 revenue purpose statement or an election is held. A valid
37 7 petition must have signatures equal to the greater of 100
37 8 eligible voters or 30 percent of the number of voters at the
37 9 last regular school election.

37 10 The purposes for which the revenues may be used are the
37 11 reduction of bond levies, regular and voter approved physical
37 12 plant and equipment levy, public educational and recreational
37 13 levy, and schoolhouse tax levy, authorized infrastructure
37 14 purposes as defined in new Code section 423F.2, which are the
37 15 same activities listed under the repealed Code section 423E.1,
37 16 subsection 3, and payment of principal and interest of bonds
37 17 issued under Code chapter 423E or 423F. If a revenue purpose
37 18 statement is not approved, the revenues are to be used in the
37 19 order listed for the above purposes.

37 20 The bill provides an effective date.

37 21 LSB 5058YH 82

37 22 mg/rj/24.2